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Migration and Informal Sector

(A Case Study)

by

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Working Paper No. 93

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MIGRATION AND INFORMAL SECTOR
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Rapid urbanisation and growth of employment in informal sector have been observed taking place simultaneously in the developing countries. The two phenomena are considered most often to be a result of large scale rural-urban migration. The most popular model to explain the pattern of migration and its link with the informal sector is of Todaro (1969). Migration is regarded as two-stage phenomenon in Todaro's model, in contrast to Lewis-Ranis-Fei model of one step process. The Todaro model envisages informal sector employment as a temporary staging post

*This is a part of my Doctoral Thesis, "Economics of Urban Informal Sector : Case study of Sambalpur" under the supervision of Dr.T.S. Papola, Director, G.I.D.S Lucknow

for new migrants in their way to formal sector jobs. It assumes two permanent sectors in the economy; one is rural sector specialising in production of agricultural goods and the other is modern urban sector. The urban sector is divided by Todaro into two sub-sectors: (i) modern sector and (ii) traditional sector (similar to informal sector) and which includes all the workers not regularly employed in the urban modern sector, that is overtly unemployed, the underemployed or sporadically employed and those who are employed in petty retail trades and services.

There are four basic features of the Todaro model. First, migration is stimulated primarily by rational economic consideration of relative benefits and costs. Second, the decision to migrate depends on 'expected'¹ rather than actual urban-rural real wage differentials. Third, the probability of obtaining an urban job is inversely related to the urban unemployment rate. Fourth, migration rates in excess of growth rates of urban job opportunity are not only possible but also rational and probable in the face of continued positive urban-rural "expected" income differential.

In this paper, we want to test by examining our empirical data, some of the hypotheses including as those envisaged in the Todaro model, such as (i) the informal sector

is merely a residual mainly absorbing the excess supply of labour in urban area due to migration from rural areas, (ii) migration is primarily on rational economic consideration and the decision to migrate depends on "expected" urban-rural real income differentials rather than rural-urban current earning differential, and (iii) the urban informal sector acts as absorber of migrants and as vestibule for them to enter the formal sector.

I. LOCATION OF THE STUDY AND SAMPLE DISTRIBUTION

The geographical coverage of this study is limited to Sambalpur town. Sambalpur is a Class-I town in the western part of Orissa having a population of 1,12,645 in 1981 census. It is the district and divisional headquarters having a municipality. It is primarily an administrative and commercial town, surrounded by two satellite towns Hirakud and Burla, within a distance of ten kilometers. It falls on Calcutta-Bombay National Highway No.6.

On the basis of available information, it is estimated that Sambalpur town had about 2300 units in the informal sector in various activities. We intended to survey a sample of around 230 units making 10 per cent of the universe. But to various reasons, we were able to ultimately cover only 182 units spread over the six sub-sectors of the informal sector of Sambalpur town.

viz., manufacturing 58 units; trade 57; transport, 30 service, 17; allied, 15 and construction, 5, while surveying the informal sector enterprizes, we selected at random one worker from each sample unit. Our aim was to interview the hired/wage workers. But if there was no wage worker in the unit or absent at the time of interview we administered questionnaire to the own-account worker or unpaid family labour. The questionnaires were administered to wage workers in the absence of the owners to help the farmer to speak freely. Our effective sample is 180 workers consisting of 108 own-account workers, 69 wage/hired workers and 3 unpaid family labours.

The survey was conducted from the last week of May 1985 to 2nd week of September 1985. The reference year was 1984-85.

II. LINK BETWEEN INFORMAL SECTOR AND MIGRATION

The evidence emerging from the ILO nine cities/towns² studies suggest a strong link between migration and informal sector (Sethuraman : 1981). Our survey shows that about 61.67 per cent (111 out of 180) of sample informal sector workers (Table 1) and 61.01 per cent of the informal sector participants in the sample enterprises are migrants (Table 2). The proportion of migrants is comparatively more in hawking and hotel in

the trade sector and also in the transport and construction sector (Table 2). It is to be emphasized that most of the migrants (86 per cent) and 52.77 per cent of the total sample workers are rural migrants. But about 62.5 per cent of non-rural migrants are from towns which are more or less big villages where agriculture predominates. These villages may be termed as "urbanized villages". Moreover, if the second and third generation migrants, returned migrants and commuters are included, then the migrants as a whole will constitute 72.78 per cent of the total sample workers of 180 (Table 1).

Thus, we found a strong link between the informal sector and migration. Equally strong link is also found between migration and the formal sector. For example, in a sample formal sector rice mill, we found that all their permanent employee, whose names are maintained in the Register of Contributory Provident Fund, are migrants. Almost all the rice mills in the formal sector employ the casual labourers through labour contractors who bring mostly women workers from neighbouring Chhattisgarh area of Madhya Pradesh. These casual labourers are casuals on paper but regular in reality; since their names are changed in the register in frequent intervals to evade labour laws.

Table 1 : Distribution of Sample Workers by Origin.

(Nos.)

Subsector	Migrant	Native	Native but father and grand- father	Native but re- turn migrant	Commu- ter	Total
1. Manufacturing	27	21	4	3	1	56
2. Trade	41	6	8	-	-	55
3. Transport	22	5	1	-	2	30
4. Service	9	9	-	-	-	18
5. Allied	7	7	1	-	-	15
6. Construction	5	1	-	-	-	6
Total	111	49	14	3	3	180
	(61.67)	(27.22)	(7.77)	(1.67)	(1.67)	(100.00)

NB : Figures in bracket shows percentage to total sample workers.

Table 2 : Distribution of Informal Sector Participants in Sample Enterprises by Origin

(Nos.)

Subsector	Native	Migrant	Total
1. Manufacturing	96 (42.11)	132 (57.89)	228 (100.00)
2. Trade	63 (38.65)	100 (61.35)	163 (100.00)
(a) Wholesale	17 (44.74)	21 (55.26)	38 (100.00)
(b) Retail	34 (61.82)	21 (38.18)	55 (100.00)
(c) Hotel	5 (12.50)	35 (87.50)	40 (100.00)
(d) Hawking	7 (23.33)	23 (76.67)	30 (100.00)
3. Transport	10 (18.87)	43 (81.13)	53 (100.00)
4. Service	17 (56.67)	13 (43.33)	30 (100.00)
5. Allied	10 (47.62)	11 (52.38)	21 (100.00)
6. Construction	4 (22.22)	14 (77.78)	18 (100.00)
Total	200 (38.99)	313 (61.01)	513 (100.00)

Commuters are included in 313 migrants.

NB: Figures in bracket show percentage to total workers in the concerned sub-sector.

Thus, the migrants do not predominate the informal sector only. It is a fact that the majority of the working class in both the informal and formal sector in the town are migrants.

III. MOTIVES AND CAUSES

In the Todaro model, the decision to migrate from rural to urban centres is fundamentally related to two principal variables : (i) urban-rural real income differentials, and, (ii) the probability of obtaining a job in an urban area.

On the other hand, talking on 'modern'³ migration, Amin (1974) criticises the individualistic approach like that of the Todaro model of the conventional economic theory of migration; since the society of migration; since the society of origin which the migrants quit is hardly considered⁴. To him, there is a "push" effect - a force of expulsion - in the process of rural-to-urban migration. The nature of this "push effect" is closely related to the social transformation that the rural areas undergo.

The migration of workers is the necessary counterpart to the process of capital accumulation, since the geographical distribution of the labour force is done by capital in accordance with its need to exploit the working class. The capitalist mode of production, in its expansion, generates

an ever increasing relative overpopulation. According to Marx,⁵ the surplus population takes a variety of historical forms, designated as "latent", "floating" and "stagnant"- all these categories constitute what is called "industrial reserve army". The "latent" surplus population is primarily due to rural-urban migration and it is apparent from Marx's analysis that "latent" surplus population in urban areas is owing to structural transformation such as (i) possession of agriculture by capitalist production and (ii) destruction of rural domestic industry.

Thus while Todaro gives importance on "pull" factors in the process of migration, the Marxist including Amin emphasize "push" factors. There is certainly a distinction between "motivation" and "cause" of migration. While Todaro thinks motive of migrants is key to the process of migration, the alternative view is that the cause of migration is important.

In reality, the individual motives and functions of a man are determined by the socio-economic system surrounding him. "The functions that men fulfill depend on the system and change to adapt the needs of the system" (Amin:1974 P 91). An individual might have a motive to migrate but that motive is always shaped by the social, economic and structural transformation in the area in which he resides, which can be regarded as the cause of migration.

1. "Push"

Inadequate income and poverty in the native place mentioned by about 44.14 per cent of migrants and constituting about one-third of the responded total frequencies multiple responses was found to be the single most important cause for migration out of seven different factors suggested in the questionnaire (Table 4). The finding is similar to that implicitly and explicitly stated by several other scholars (Aziz : 1984; Dandekar and Rath : 1971; Myrdal : 1968; Oberai: 1983; Papola: 1981; Samal: 1983, 1984; Santos 1979).

Table 3 : Classification of migrants in Sample workers by occupations.

(Numbers)

Sector	Own-account worker	Wage Worker	Total
1. Manufacturing	7	20	27
2. Trade	19	22	41
3. Transport	18	4	22
4. Service	7	2	9
5. Allied	6	1	7
6. Construction	-	5	5
Total	57 (51.35)	54 (48.65)	111 (100)

NB : Figures in bracket show percentage to migrants in sample workers.

Table 4 : Frequency Distribution of Migrants in
Sample Workers by motive-cause.

Sl. No.	Motive/cause	Response	Each alter- native	Each alter- native
			% to total	% to total
			response	migrants
A.	Inadequate income and poverty in the native place	49	33.33	44.14
B.	Unemployment/underemployment in the native place	5	3.41	4.51
C.	Loss of property and source of income due to natural calamities	7	4.76	6.31
D.	Opportunities for year-round employment in Sambalpur against seasonal employment in rural areas	6	4.08	5.41
E.	For more expected life-time income in Sambalpur in comparison to the native place	39	26.53	35.14
F.	Following the primary migrant	25	17.01	22.52
G.	Others (quarrel with family members, etc.)	16	10.88	14.41
TOTAL		147	100.00	

In fact, "there can be no doubt that dire poverty alone
compels people to abandon their native land".⁶

When we combine different factors responsible for migration under two heads : cause and motive (Table 5); a comparatively higher percentage of response (69.39 per cent) and of migrants (91.89 per cent) moving out was due to the former of migration. Again, when we group the same seven alternatives (A, B, C, D, E, F, G of Table 4) under three heads : "push", "pull" and 'others' (Table 5), similarly, a higher proportion of response (41.5 per cent) and of migrants (54.96 per cent) moving out was owing to "push" factors.

Table 5 : Factors Affecting Migration (Percentage of Frequency)

Sl. No.	Factors	% to total response	% to total migrants
I	1. Cause (A, B, C, F, G)	69.39	91.89
	2. Motive (D, E)	30.61	40.55
II	3. Push (A, B, C)	41.50	54.96
	4. Pull (D, E.)	30.61	40.55
	5. Others (F, G.)	27.89	36.93

Moreover, at the risk of making qualitative judgement, we can assert that when some migrants (24.32 per cent) responded two factors - 'push' and 'pull' - responsible for migration, they gave more importance (first preference) on 'push' factors shaping their movement.

The role of 'push' factors in the process of migration is also apparent if we look to the general economic trends. That there is a push from the villages can be observed if we analyse the general socio-economic conditions in the rural areas which show a declining conditions in the rural society in general and rural labourer in particular.

In India, in general, the percentage of rural labour household to rural household increased from 25.4 per cent in 1964-65⁷ to 30.3 per cent in 1974-75⁸ showing an increasing trend of proletarization. Simultaneously, there is an all around declining trend in wage employment over the decade 1964-65 -- 1974-75. For instance, during 1974-75, workers belonging to agricultural labour household worked for 185 days as against 208 days in 1964-65. The corresponding figures for women and children is 129 and 139; and 145 and 167. There has been a comparatively more shrinkage in the duration of employment in respect of men, women and children belonging to "all rural labour household" as compared to their respective counterparts in the "agricultural labour household".

Moreover, the inequality in the distribution of rural assets and land is worsening. For instance, during the decade 1961-62 -- 1971-72⁹, the share of the upper 10 per cent of rural household in total rural assets

increased from 59 to 62 per cent, whereas that of lower 80 per cent of families fell from 26 to 23 per cent. Further, the average size of land cultivated by "all rural labour household" stood at 1.15 acre in India and 1.00 acre in Orissa, according to 2nd Rural Labour Enquiry. Even about 60 per cent of the rural labour household in India were having cultivable land less than one acre. The gradual worsening conditions of the rural labour is further revealed by the Rural Labour Enquiry (1974-75) showing the increase in the incidence of indebtedness among the rural labour. In all India level, the percentage of 'all rural labour household' in debt has increased from 59.2 per cent in 1964-65 to 65.4 per cent in 1974-75. The corresponding figures for Orissa is 47.1 and 60.30. Moreover, the average debt per indebted rural labour household in India is Rs.416 in 1974-75 against Rs.155¹⁰ in 1965-66.

In general, all these factors show that the conditions of rural labourers is deteriorating gradually over a period of time which may indicate a "push" as the "Cause" of migration from the rural areas. It is to be mentioned that there is an increase in the rural-to-urban migration, though it is not the most important migration stream in India. The rural-to-urban migration stream constituted 11 15.0 per cent in 1971 against 14.6 in 1961. The rate

of in-migration¹² for rural-to-urban flow was 123 during 22nd NSS Round.

In particular, when we look to our sample, we find that most of the migrants are from rural areas - 85.59 per cent compared to 80 per cent in Delhi (Mazumdar, A: 1980). Among the migrants as a whole, the proportion of inter-district migrants is comparatively higher-their percentage is 47.75 against 43 per cent inter-state migrants compared to 38 per cent inter-district and 43 per cent inter-state in Bangalore (Aziz: 1984). Among the inter-district migrants around 71.7 per cent (38 out of 53) have come from neighbouring districts. It is to be noted that about four-fifths of the inter-district migrants from neighbouring districts moved out of the drought-prone districts like Bolangir (55.26 per cent), Kalahandi (10.53 per cent), and Baudh-Kandhamala (13.16 per cent). But only one in our sample migrated from the neighbouring district of Sundargarh¹⁴ which is most industrialised in the State of Orissa.

Thus, like the cause and motives of migrants showing the importance of push factors, the analysis of wider socio-economic conditions of the rural areas in general and neighbouring districts in particular show an apparent evidence of 'push' factor as a 'cause' of migrants to move out of their villages; as it was earlier observed

in other studies¹⁵ on migration (Caldwell : 1969; Connell et al : 1976; Majumdar and Majumdar: 1978; Sovani: 1966), though Banerjee study (Banerjee, B. : 1986) on migration in Delhi found 'push' factor not so important. Connell et al (1976) have shown that economic conditions in villages in India push up the migration rates. To them, the migration rate from a village appears to be influenced by five main groups of village economic characteristics- land availability, agricultural seasonality, occupational structure, village location and communication and overall living.

It is thus the socio-economic conditions of society which is responsible for increased mobility and movement. The 'push' and 'pull' are simply evidence of wider socio-economic conditions and structural transformation in the society.

Of course, it may be difficult to bring a distinction between "push" and "pull" since both imply that destination is seen as having an economic advantage over the origin. As is also revealed by our survey the presence of pull factor cannot be denied. Yet the push is found to be stronger than pull. This is particularly relevant in case of migrants working in the informal sector. The pull factor may be more stronger than 'push' in case of whitecollar migrants in the modern formal sector, but

given low earning jobs and uncertainty and insecurity involved in the work in the informal sector, migration to work in this sector has to be mainly due to unfavourable conditions at the place of origin pushing the worker out rather than that the attraction of working and living at the place of destination.

2. "Link" and Distance

No doubt decision to migrate to a destination, subsequent to the decision to leave the native place is influenced by certain "attractions" such as familiarity and links with the place (migrants). In case of our had known persons, relatives, friends and others in Sambalpur and 18 per cent came following the primary migrants, particularly parents, and relatives. About 71.6 per cent and link through one or other person 4.5 per cent brought by employers and only 4.5 per cent mentioned unrest proximity to Sambalpur from their native places, as the reason to migrate to Sambalpur.

But if we analyse the origin and place of migrants, then the distance seems to play a role. It was found in the study of the informal sector of Lasos (Popohunda 1981:) that the proportion of migrants varies inversly with the distance between rural areas of origin and the urban destination. In our sample, as mentioned earlier

among the inter-district migrants, around 71.7 per cent have come from neighbouring districts, similarly about three-fourths (76.74 per cent) of the inter-state migrants are from neighbouring States. It is to be mentioned here that more than three-fourths came to Sambalpur directly from their native places.

In cases of few Muslim migrants from Bihar who had no known persons in Sambalpur, when they were asked why they came to Sambalpur from Bihar and not to Rourkela which is nearer to their place, they responded showing their preferences for Sambalpur since it is comparatively peaceful than Rourkela. It is to be noted that the communal riot in Rourkela in 1965 witnessed the killings of Muslims whereas there has been no such violence in Sambalpur till date.

IV. LINKS

As found in other studies (Mazumdar, A:1980; Banerjee, B : 1986; Papola, T.S. : 1981), most of the migrants in our sample have close link with their native places. Only about 15 per cent of migrants in our sample made no visits to their native places in the last five years. But more than two-thirds (68 per cent) of migrants have visited their natives at least once in the year previous to the survey and around 36 per cent more than once.

Duration of stay per visit of the migrants who have least visited once in the last five years is one week for 40 per cent, two weeks for 32.94 per cent, three weeks for 5.88 per cent and about one month or more for 21.18 per cent. Similarly the purpose of visits also varies from attending ceremonies to agricultural work.

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More than one-third (37 per cent) of migrants have financial link with their native places. On an average these migrants remitted Rs.1561.75 to their native places in 1984-85, for the whole sample of migrants the figure works out to Rs.562.79.

More than half (57 per cent) of migrants have land¹⁶ in their name or in their fathers' name; majority in latters' name. About 7.21 per cent of migrants have only homestead land. The average per capita land¹⁷ of the migrants possessing land at the native place is 2.63 acres and of migrants as a whole is 1.50 acres. It is worth mentioning that only 7.66 per cent of the total cultivable land possessed by the migrant is irrigated. These factors can again be interpreted as "pushing" the migrants from rural areas. More than two-thirds (70.91 per cent) of migrants having cultivable land have their own cultivation arrangements through relatives, one-fourth sharecropping system and around 3.64 per cent both arrangements.

Thus four-fifths of migrants in our sample had link with the native places through visits, about one-third through remittance; and more than half possessing land; among them more than two-thirds have their own cultivation arrangements, and virtually non-not disposed off land even after a period of stay at Sambalpur for an average period of 12.19 years. These facts suggest that the migrants in the informal sector have not permanently settled their mind in their job at Sambalpur. Perhaps, they think that if their income and employment situation will worsen, they may go back to their villages. So it seems that it is not the permanent life-time expected income which attracts them to the town, but their worsening economic conditions in the native place which pushes them out, though there may be immediate gain in the urban areas of destination due to migration.

V. RURAL-URBAN EARNING DIFFERENTIAL

On the basis of the initial assumption that the decision of the individual to migrate is based primarily on rational economic calculations in spite of the high unemployment in urban centres, the Todaro model postulates that migration proceeds in response to urban-rural difference in "expected rather than actual earnings". The life-time earning hypothesis of Todaro presupposes (i) knowledge on earnings on different jobs a migrant work during his stay in an urban areas, (ii) the ability of

an individual to calculate the life-time expected real income for maximizing benefits, and (iii) the firm decision of the workers to stay in a town at the migration itself. Since these conditions are rarely found fulfilled in the process of rural-urban migration in India as well as in our sample, the lifetime earning advantage may not act as a strong motivation of migration.

On the other hand, as we found in our study, the earning of a worker immediately after the migration is more than the earning in the place of origin in most of the cases; and since at the time of migration he also does not decide firmly to remain permanently in the urban area, the rural-urban current earning differential¹⁸ provide a more plausible explanation for migration.

In our sample, more than four-fifths of migrants as a whole and about 86 per cent of rural migrants who had jobs just before migration gained in their first job after the migration, as was also found in similar other studies (Papola : 1981; Sethuraman : 1981). It is obvious that those who (57 per cent of the migrants as a whole and 55 per cent of rural migrants) had no job before migration have gained after migration through employment. About two-thirds of migrants having job before migration have an increase in their earnings by 100 per cent or more in their first job after migration, compared to half in Ahmedabad (Papola : 1981).

It is : only a small proportion of migrants is 2; 5.41 per cent of total migrants started in a job which fetched them lower earnings than what they were earning in the native places. The finding casts doubt on the lifetime expected earning hypothesis to the extent it implies that most of the migrant workers may work in a job which brings them an earning even lower than those in the place of their origins since they are aware of the fact that their earnings during the whole working life in the destination areas will be much higher than that in the native rural areas.

Our result show that most of the migrant workers had immediate gain just after migration and the current urban-rural income difference is more important than the lifetime- expected income. It is further revealed in our study that most of them did not wait for long period, even some did not wait at all. The average waiting period as a whole is 52 days. But if we exclude the service sector where waiting period is unusually high in few cases, the average waiting period is only one month.

As is found in the case of Jakarta (Sethuraman: 1976) and of Calcutta (Lubell : 1973), new migrants in our sample also took whatever jobs were available to them at the time of their arrival. But even^{then} there was an improvement in their income after the migration.

VI. MOBILITY FROM INFORMAL TO FORMAL SECTOR

A basic hypothesis of probabilistic migration models (eg. Todaro : 1969) is that informal sector workers graduate into formal sector after a certain period of job search. That is, informal sector acts as a vestibule for the formal sector. But the urban labour market structure prevailing in developing countries is not properly described in these models. According to some studies in India (Banerjee, B : 1983; Breman : 1976; Deshpande, 1983) there is little mobility between informal and formal sector. We attempt here a test of the hypothesis of mobility of workers from informal to formal sector by examining our empirical data from Sambalpur.

1. Actual Mobility

To have an idea of actual mobility, the entrepreneur of each informal sector unit in our sample was asked to inform to the best of his knowledge about the present career of his former employees. By this way, we are able to know the present career of 51 former employees of the informal sector. Out of them, only about 15.69 per cent have joined in the formal sector and the rest moved to other informal sector jobs.

Of course, by this method we are not able to know about the movement of own-account workers who constitute 51.35

per cent of migrant workers. (Table 3). Though they were asked whether they know about their former colleagues who left their occupations, the responses were very poor.

It is to be noted that more than two-thirds of workers graduating from the informal to the formal sector join jobs which are different from their previous informal sector jobs. This shows that their previous experience in the informal sector may not be an added advantage for his upward mobility to the formal sector.

The picture is somewhat different in the formal sector. For instance, all the permanent workers whose records are maintained in a formal sector unit are migrant. For more than half (57.14 per cent) it is their first job; and only 28.57 per cent of them were working in the informal sector. But all the casual labourers employed through labour contractors are migrants. Their formal sector jobs are first in the town. They directly came to join the pre-arranged jobs in the formal sector. As pointed out earlier, these casual labourers are casual on paper but regular in reality. So, if we take all the regular employees including both permanent and so called casuals (40 workers) into consideration, only 5 per cent of them graduated from the informal sector.

Thus there is little vertical mobility of workers from the informal to formal sector.

2. Potential Mobility.

Like the actual mobility, the potential mobility from the informal to formal sector is also very low which is revealed by our field data showing only 12.61 per cent of migrant workers not satisfied with their present jobs is also indicated by another criteria. That is, only about 37.84 per cent of migrant workers wanted to change the jobs¹⁹ and only 7.21 per cent made some efforts to change the present job. The possible cause for the lack of interest on the part of migrants to search job may be that they are ignorant of the job opportunities or they are aware of the fact that formal sector jobs cannot be obtained.

As a higher proportion (86.49 per cent) of migrant workers, who entered the informal sector are fully or partly satisfied and since very negligible number had made some effort to change their present job, it can be safely concluded that the migrants do not consider their informal sector employment as a means of survival while waiting and searching jobs in the formal sector.

Again, the period of stay in the town by the migrant workers, an average is 12.19 years. The average year of

Table 6 : Distribution of Migrant Labourers by Job Satisfaction

Sub-Sector	Fully Satisfied	Partly satisfied	Not at all satisfied	Indifferent	Total migrant workers
1. Manufacturing	6	19	2	-	27
2. Trade	16	18	6	1	41
3. Transport	3	15	4	-	22
4. Service	2	7	-	-	9
5. Allied	2	3	2	-	7
6. Construction	5	-	-	-	5
Total	34 (30.63)	62 (55.86)	14 (12.61)	1 (0.9)	111 (100)

NB: Figures in bracket shows percentage to total migrants.

working of the total sample workers is 9.8 years; and of the migrant workers is 7.87 years. The longer period of stay and working indicates that the migrants working in the informal sector have limited opportunities²⁰ to enter the formal sector.

Thus, like earlier studies in India, our field data show that there is little mobility - both actual and potential - of workers from the informal to formal sector. Perhaps, the migrants who join the informal sector, after few years of working there, decide to stay and work in the informal sector in their life-time.

VII. SUMMARY, CONCLUSION AND POLICY IMPLICATION

In sum, the informal sector is not the only absorber of rural migrants. The majority of the working class in both formal and informal sectors in the town are migrants.

Inadequate income and poverty in the native place, is found to be the main "cause" of migration, suffering the "push" hypothesis of migration. An analysis of wider socio-economic conditions of the rural areas in general and neighbouring districts in particular shows an apparent evidence of "push" factors as the "cause" of migration. Despite the difficult in making a distinction between "push" and "pull" factors, our survey reveals that "push" is far stronger than "pull".

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The force of "pull", however little, which operate in the process of migration, is not in terms of the "expected life-time urban-rural income differential" but the "current urban-rural income differential". Our field results show that the immediate gain of rural migrants in terms of earnings and employment just after the migration are substantial and migrants have strong social and economic links with their native places even after a considerable period of stay at Sambalpur.

There is also little actual or potential mobility of workers from the informal sector to formal sector. A very small proportion of former informal sector employees have graduated to the formal sector. A large majority of migrant workers who entered the informal sector are fully or partly satisfied and very negligible number had made some effort to change their present jobs. Thus it can be concluded that the migrants do not consider their informal sector employment as a means of survival while waiting and searching job in informal sector, but a permanent life-time vocation. When there is extreme rural poverty, internal migration may be considered as one of the solutions to it. In view of the employment generative capacity of the informal sector and its role along with the formal sector as absorber of rural migrants; it seems there is no logic in checking migration from rural to urban areas, as advocated by some scholars. The other argument to check this migration is based on the notion that migrants alone in informal sector creates slums and health hazards in urban centres seems to be irrelevant in Sambalpur where proportion of workers living in slums is more among the natives than the migrants in the informal sector.

Usually two types of policies are advocated : (i) direct physical control, and (ii) indirect. Without controlling migration physically; at best, indirect measures may be taken by way of increasing attractiveness of rural areas by

agricultural, industrial and infrastructural development, and supply of urban amenities in villages or in short by creation of an "agro-industrial structures" in the rural and small town areas.

Some of the migration - influencing policies in India are (i) housing and human settlement policies (ii) urban level policy, (iii) dispersal of industries, (iv) rural industrialisation programme, (v) new industrial policy (vi) development of counter magnets to big cities; (vii) new urbanisation policy and (viii) land settlement programme but with little results.

If the authority thinks the urbanisation in the country has reached an explosive stage; then the best instrument for them is the development of rural areas with equitable distribution of land and rural assets as well as rural industrialisation. The lesson can be drawn from the facts that the urbanisation process is comparatively slow in Kerala, West Bengal and Punjab and that there has been proper implementation of land reform programmes in former two states and rural industrialisation in the latter.

Of course, the main solution lies in combination of agriculture with manufacturing - creation of an "agro-industrial structure" - in rural and small towns; gradual abolition of contradiction between town and country.

NOTE S

(I wish to thank the members of GIDS for useful discussion and suggestion during the internal seminar given by me on this topic)

1. "Expected", gains are measured by (i) the difference in real incomes between rural and urban job opportunities and (ii) the probability of a new migrant obtaining an urban job. Todaro has cited an arithmathical example to explain this :

Suppose the annual average real income is 50 units per year in the country-side against 100 units in the city for a rural unskilled or semiskilled worker. The probability of securing a high-paying job in urban area within one year is one chance to five. The actual probability of success of getting urban job is 20 per cent so that his expected income is 20 units in the one-year period and not 100 units. So it is not rational for migrant to seek the urban jobs. But if the probability is 60 per cent, the expected urban income is 60 units, and it is rational for migrant to try to get the urban job.

Todaro has also explained this with a mathematical formulation for life-time expected income over a long period time horizon. In his mathematical formulation of the model (Todaro : 1969) he assumes :

$V(0)$ = the discounted present value of the expected 'net' urban-rural income stream over the migrants time horizon (The bracketed term zero refers to time period zero).

$Y_u(t)$ = average real income of individuals employed in the urban economy in time period 't'.

$Y_r(t)$ = average real income of individuals employed in the rural economy in the time period 't'.

n = the number of time periods in the migrant's planning horizon.

$(-)$ = the minus symbol used for future income less present value.

i = the discount rate reflecting the migrant's degree of time preference.

The decision to migrate or not will depend on whether

$$V(0) = \sum_{t=0}^n \{ (P(t) Y_u(t) - Y_r(t)) \} e^{-it} dt - C(0)$$

$t = 0$ is positive or negative

Where $t = 0$ to..... $t = n$ is the time horizon.

C (0) represents cost of migration.

P (t) is the probability that a migrant will have secured an urban job at the average income level in period 't'.

That is, getting employment in the urban economy is not certain. Let the chance of being employed or the probability of being employed in time 't' is P (t). Then the expected income in time 't' is :

$$[P(t) Y_u(t) - Y_r(t)]$$

The migrant will be employed in the urban economy for $t = 0, t = 1, \dots, t = n$

$t = n$ years with probabilities $P(0), P(1), \dots, P(n)$ respectively.

For example if we are to find out this expected income differentials in 5th year, i.e., $t = 5$, it will be :

$$[P(5) Y_u(5) - Y_r(5)]$$

Similarly, if we calculate these income differentials for all the time periods '0' to 'n', future income has lower present value. So discount is necessary. And discount is to be done by using a rate. Let the rate be i .

Then the present value of expected income differential of 5th year will be, that is, after discounted at a rate i :

$$[P(5) Y_u(5) - Y_r(5)] e^{-i5}$$

Where :

$$\begin{aligned} e &= \text{base of natural logarithm} \\ &= 2.178281828 \dots \end{aligned}$$

If we add such income differentials for all the time periods as follows :

$$\begin{aligned} & - (P(0) Y_u(0) - Y_r(0)) e^{-i0} \\ & + (P(1) Y_u(1) - Y_r(1)) e^{-i1} \\ & + (P(2) Y_u(2) - Y_r(2)) e^{-i2} \\ & \quad \dots \quad \dots \\ & + (P(n) Y_u(n) - Y_r(n)) e^{-in} \end{aligned}$$

we get

$$\int_{t=0}^n [(P(t) Y_u(t) - Y_r(t))] e^{-it} dt.$$

Because by integration we get the summation if the function is a continuous one; so this is the present value of expected earnings differentials for a migrant.

His cost of migration is $C(0)$. Hence his net expected income differentials will be equal to :
 (expected income differentials) - (Cost of migration)

$$= \int_{t=0}^n (P(t) Y_U(t) - Y_R(t)) e^{-it} dt - C(0)$$

If it is + ve migration is desirable, or the individual will decide to migrate.

If it is - ve migration is not desirable, or the individual will not decide to migrate.

2. The proportion of migrants in informal sectors is 78 per cent in Freetown, 95 per cent in Lagos, 35 Per cent in Kano, 14 per cent in Colombo (more commuters), 60 per cent in Jakarta, 33 per cent in Manila, 55 per cent in Cordoba and 78 per cent in Campinas.
3. "Modern migration is periodical migration of labour, not of period (A min : 1974; p.66).
4. Amin (1974) has mentioned some significant facts by (ignored by the Todaro model) by citing the examples of Senegal, Tanzania, etc. of South Africa and asserts that if these facts are taken into consideration, the very assumptions on which the Todaro model is based will be invalid.
5. K. Marx Capital Vol. 1.
6. V. I. Lenin, "Capitalism and Workers' migration", Collected Works, Vol. 19, Progress, 1973, p. 454.
7. First Rural Labour Enquiry (1964-65) by Labour Bureau, Ministry of Labour, Government of India.
8. Second Rural Labour Enquiry (1974-75) by Labour Bureau, Ministry of Labour, Govt. of India.
9. See, Reserve Bank of India's All India Debt and Investment Survey, 1971-72.
10. Rs. 155 in 1964-65 is equivalent to Rs. 397.46 in 1974-75 price. Thus, there is an increase in the average debt from Rs. 397.46 to Rs. 416 over the decade 1964-65..1974-75.
11. Census of India, 1961, 1971.
12. The rate of in-migration is calculated as the ratio of total in-migrants of urban areas to the total urban population multiplied by 10,000.
13. The state government of Orissa and the Central Government of India initiated the Drought Prone Area Programme (DPAP) in 1970. The DPAP covered initially Kalahandi and Phulbani (Baudh-Kandhamala). By 1982-83, the DPAP covered two more districts. viz., Sambalpur and Bolangir. Though the whole of Sambalpur and Bolangir districts is not drought-prone, there is no doubt about Titilagarh sub-division of

Bolangir from where 13 migrants are found in our sample and Padampur sub-division of Sambalpur the migrants from which place constitute the majority of intra-district migrants.

Kalahandi district is a symbolic example of drought prone district where like population census, one in ten years the droughts occurred in 1954-55, 1965-66, 1974-75 and very recently in 1985 which also affect the neighbouring Titilagarh area of Bolangir district.

Both Kalahandi and Bolangir which were under the rule of feudal lords are drained of its resources by possible non investment or by unproductive investment. Perhaps, people in this areas want to minimize the effect of drought and other economic hardship by reducing their dependence on agriculture by moving away from the villages.

For a detail report by H. Purohit, R.S. Rao, and P.K. Tripathy on the present drought situation in Kalahandi see, EPW Vol XX, No. 44, Nov. 2, 1985, pp. 1857-60.

14. Sundargarh is the most industrialised district in the State of Orissa. The share of the district in the total value added by manufacture in the State being 57 per cent is maximum in 1977-78 according to the latest Annual Survey of Industries in Orissa. Moreover, the investment in the district is Rs. 392.52 crores in 1977-78 which is the highest accounting for 50 per cent of the total in the State. The district also tops the list in sharing 54 per cent (Rs. 351.79 crores) in the total value of output in the State. It has also provided highest employment contributing 30 per cent of the total employment in the State during the year 1977-78.
15. Joshi (1974) have also cited the Lakdawala survey (1955-56) and Gore survey (Late 1960s) in Bombay which emphasize the "push" factors rather than the positive attraction of the city. "Push" factors in their survey accounted for over three-fourths of the economic reasons.
16. It is to be noted that three have sold their land few years after the migration and after being settled in Sambalpur. Two had land at the time of migration but at present the land is forcefully occupied by others viz. cousin brothers. But no one has sold his land at the time of migration.
17. If the land is in the name of the father, the per capita land is calculated by dividing the area of land by total number of brothers and sisters.
18. See, also, Papola (1981).
19. It is to be emphasized that, not necessarily, they want a formal sector job.

20. Ordinarily the mobility of any given factor varies with time period under consideration. In case of informal sector workers desiring to join a formal sector job, longer the time period, shorter the possibility of mobility, since (i) in certain cases, there is age limit, and (ii) moreover, in general, formal sector does not make account of the experience of worker in the informal sector in selecting a worker.

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